BANK STREET

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Secretary Tom Vilsack
U. S. Department of Agriculture
1400 Independence Ave., S.W.
Washington, DC 20025

Secretary Gary Locke
U.S. Department of Commerce
1401 Constitution Ave., NW
Washington, DC 20230

Re: NTIA and RUS Request for Comment, American Recovery and Reinvestment Act of 2009 Broadband Initiatives

Dear Secretary Vilsack and Secretary Locke:

The Bank Street Group LLC("Bank Street") is a leading independent investment banking firm with offices in Stamford, Connecticut and Austin, Texas. We provide a comprehensive array of financial advisory services to middle-market growth companies, including Mergers & Acquisitions, Private Placements of Debt & Equity, Restructuring & Turnaround Advisory, Valuation and Fairness Opinions.

The telecommunications industry is a core practice area for our firm in which our senior professionals have originated, structured and executed more than $250 billion of financial and strategic transactions over the past 20 years. Our team has been at the forefront of transactions that have driven the growth and development of robust competition, and the advent of new technologies and services, including the widespread deployment of broadband infrastructure by facilities-based carriers.

We are writing to comment on the criteria to be used by the National Telecommunications and Information Administration (NTIA) and the United States Department of Agriculture's Rural Utility Service (RUS) (the "Agencies") in evaluating applications for grants, loans and guarantees under the American Recovery and Reinvestment Act of 2009 Broadband Initiatives.

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We believe that the objectives of the stimulus plan would be well served by approving projects with capital structures that combine government funds with private sector capital, up to and potentially beyond the 20% private funding required by the Act. Although private investment may not be viable in every case, we believe that there are many projects for which private debt or equity can be raised contemporaneously with or following a government grant, guarantee or loan. These projects are undertakings that would not necessarily happen without the stimulus funds, but with the stimulus funds as equity or subordinated debt, these projects can potentially support private investments to multiply the benefit of the government funds many times over.

We believe that there are several benefits to promoting the use of private funding, including:

- Multiplying the amount of funds invested in new projects, which would have a corresponding multiplier effect on the number of jobs and level of broadband access deployed.
- Leveraging the grant program with private funding will allow grant dollars to go further, potentially leading to more projects, in more areas, serving more people, as well as to greater diversification of projects.
- Promoting private market validation of projects. The participation of private funds would help to ensure that projects are economically viable and sustainable over the long term, representing a potential source of incremental growth capital.
- Helping to catalyze the credit and equity markets that serve the telecom and broadband sectors, thereby increasing the flow of private capital to these sectors which have just recently started to experience signs of a recovery.

With these benefits in mind, we propose that the Agencies put in place a selection methodology for projects that incorporate private investment into their capital structure. We suggest that as part of a selection scorecard, the Agencies include objective measures related to the ability of a project to attract private funds or the actual inclusion of private funding, including the percentage of a project that will be funded from non-governmental sources. Objective factors may include:

- The existence of certain key items in the application such as:
    - A detailed investment case and pro-forma financial projections
    - A credible plan for raising future capital, if necessary
    - A letter of intent or commitment from private investors
- The amount of private capital raised relative to that required by the plan
- The proposed timing of the private investment, e.g., contemporaneous with a grant or following certain milestones.

We also suggest that the Agencies exercise subjective judgment in selecting projects that are most likely to be successful in raising private funds and most likely to be sustainable on a standalone basis after the initial infusion of capital. Subjective factors may include:

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- The experience of management or sponsors in raising private capital
- The implications of the project, taking into account competitive market dynamics
- The appetite of the capital markets for the type of project
- The risks of the project and impact on cash-flow to government and private investors
- The stand alone viability of the project without private funds

Finally, we suggest that the Agencies maintain flexibility in the structuring of financing for the projects. Every project presents different risks and therefore a different optimal capital structure. For this reason, it would not be beneficial to the objectives of the program to establish firm guidelines related to the nature of third party funding. Rather, we suggest that the Agencies evaluate each financing proposal individually based on a detailed application as outlined above.

We appreciate the opportunity to comment on the administration of these important programs. Please direct any inquiries regarding our comments to the undersigned.

Very truly yours,

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